

Message Text

UNCLASSIFIED

PAGE 01 LONDON 04177 01 OF 02 141324Z

ACTION EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 EA-09 IO-13 ISO-00 AID-05

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 AGRE-00

NSC-05 SS-15 STR-04 CEA-01 PA-02 PRS-01 NEA-10 /145 W

-----141339Z 023296 /45

P R 141307Z MAR 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1523

INFO AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMCONSUL SAO PAULO

AMEMBASSY SAN SALVADOR

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY PARIS

USMISSION GENEVA

AMEMBASSY BERN

AMEMBASSY NAIROBI

AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 02 LONDON 04177

FOR: EB/TRP

E.O. 11652: N/A

TAGS: EPAP

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 04177 01 OF 02 141324Z

SUBJECT: COFFEE -- ICO PRESS RELEASE ON CURRENT SUPPLY/
DEMAND SITUATION

1. REPRODUCED BELOW IS TEXT OF PRESS RELEASE ISSUED BY
THE INTERNATIONAL COFFEE ORGANIZATION (ICO) AT NOON,
MARCH 14. STATISTICAL BACK-UP DOCUMENTS WILL BE AVAILABE
TO PRESS UPON REQUEST, BUT WILL NOT BE ISSUED AUTOMATIC-

ALLY WITH RELEASE.

2."GREATLY CONCERNED BY THE RECENT DEVELOPMENTS IN THE COFFEE MARKET AND DESIRING TO GIVE THE PUBLIC AN EXPLANATION FOR THE SHARP INCREASE IN THE RETAIL PRICE OF COFFEE, THE INTERNATIONAL COFFEE ORGANIZATION APPOINTED A SPECIAL WORKING GROUP COMPOSED OF REPRESENTATIVES OF IMPORTING AND EXPORTING COUNTRIES TO INVESTIGATE, IN CO-OPERATION WITH THE EXECUTIVE DIRECTOR, THE SITUATION AND TO MAKE A STATEMENT. THE GROUP ANALYSED ALL THE AVAILABLE DATA ON PRODUCTION, EXPORTS AND IMPORTS OF COFFEE AS WELL AS THE REPORT OF THE EXECUTIVE DIRECTOR ON THE PHYSICAL CHECKING OF STOCKS IN EXPORTING MEMBER COUNTRIES CARRIED OUT DURING 1976. AS A RESULT OF ITS STUDY OF A GREAT DEAL OF DOCUMENTARY AND STATISTICAL DATA, THE GROUP REACHED THE FOLLOWING GENERAL CONCLUSIONS THE PRESENT MARKET SITUATION IS THE RESULT OF A SERIES OF FACTORS WHICH AFFECTED PRODUCTION WITH UNPRECEDENTED SEVERITY, INCLUDING A FROST IN JULY 1975 IN BRAZIL, THE WORLD'S MAJOR PRODUCER OF COFFEE. HARVESTS IN A NUMBER OF OTHER COUNTRIES WERE REDUCED BY ADVERSE WEATHER CONDITIONS AND POLITICAL DIFFICULTIES. THIS SITUATION HAS GIVEN RISE TO UNCERTAINTY AMONG TRADERS CONCERNING SUPPLIES AND TO A TENDENCY FOR RETAILERS AND HOUSEWIVES TO BUILD UP STOCKS ON SHELVES. AS A CONSEQUENCE THERE HAS BEEN A MARKED INCREASE IN THE DEMAND FOR COFFEE. IMPORTS OF COFFEE DURING THE COFFEE YEAR 1 OCTOBER 1975 TO 30 SEPTEMBER 1976 WERE 60 MILLION BAGS, THE HIGHEST FIGURE RECORDED IN THE PAST SEVEN YEARS. ACTUAL CON-

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 04177 01 OF 02 141324Z

SUMPTION DURING THIS PERIOD IS ESTIMATED AT 58 MILLION BAGS, THE 2 MILLION BAGS DIFFERENCE BETWEEN CONSUMPTION AND IMPORTS BEING ACCOUNTED FOR BY AN INCREASE IN INVENTORIES (LARDER AND SHELF STOCKS) IN IMPORTING COUNTRIES. AS A CONSEQUENCE OF REDUCED HARVESTS, PRODUCTION IN 1975/6 WAS NOT SUFFICIENT TO MEET DEMAND AND IT WAS NECESSARY TO DRAW ON STOCKS BUILT UP OVER EARLIER YEARS OF SURPLUS. IN 1976/77, THAT IS TO SAY IN THE PERIOD 1 OCTOBER 1976 TO 30 SEPTEMBER 1977, OPENING STOCKS IN EXPORTING COUNTRIES AFTER ALLOWING FOR WORKING STOCKS ARE ESTIMATED AT 13 MILLION BAGS: 8 MILLION BAGS IN BRAZIL AND THE REMAINING 5 MILLION BAGS ELSEWHERE. THIS MEANS A REDUCTION OF 22 MILLION BAGS COMPARED TO STOCKS A YEAR EARLIER OF 35 MILLION BAGS OF WHICH 25 MILLION WERE IN BRAZIL AND 10 MILLION ELSEWHERE. THE ORGANIZATION ESTIMATES THAT THE EXPORTABLE PRODUCTION OF COFFEE IN COFFEE YEAR 1976/77 WILL BE APPROXIMATELY 52 MILLION BAGS OF WHICH 8.8 MILLION BAGS IS ATTRIBUTABLE TO BRAZIL WHERE THE HARVEST WILL COMMENCE IN APRIL 1977

AND THE BALANCE TO OTHER COUNTRIES. THE FIGURE FOR
BRAZIL REFLECTS A PARTIAL RECOVERY FROM THE EFFECTS OF
THE DISASTROUS FROST IN 1975.
SINCE OPENING STOCKS AND EXPORTABLE PRODUCTION REPRESENT
AVAILABLE SUPPLY, THE ESTIMATED VOLUME OF COFFEE AVAIL-
ABLE DURING THE PERIOD 1 OCTOBER 1976 TO 30 SEPTEMBER
1977 IS APPROXIMATELY 65 MILLION BAGS - 52 MILLION BAGS
OF EXPORTABLE PRODUCTION AND 13 MILLION BAGS OF STOCKS.
IF CONSUMPTION IN 1976/77 REMAINS AT 58 MILLION BAGS AND
THERE IS AN EQUAL VOLUME OF IMPORTS, THERE WILL BE A DRAW

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 04177 02 OF 02 141320Z
ACTION EB-08

INFO OCT-01 AF-08 ARA-10 EUR-12 EA-09 IO-13 ISO-00 AID-05
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 AGRE-00
NSC-05 SS-15 STR-04 CEA-01 PA-02 PRS-01 NEA-10 /145 W
-----141339Z 023274 /45

P R 141307Z MAR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 1524
INFO AMEMBASSY ABIDJAN
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMEMBASSY GUATEMALA
AMEMBASSY MEXICO
AMEMBASSY SAN JOSE
AMCONSUL SAO PAULO
AMEMBASSY SAN SALVADOR
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
AMEMBASSY GUATEMALA
AMEMBASSY MEXICO
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY BERN
AMEMBASSY NAIROBI

AMEMBASSY TOKYO

UNCLAS SECTION 02 OF 02 LONDON 04177

DOWN OF STOCKS OF 6 MILLION BAGS LEAVING STOCKS OF ONLY
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 04177 02 OF 02 141320Z

7 MILLION BAGS IN EXPORTING COUNTRIES WHICH REPRESENT NO MORE THAN SIX WEEKS' CONSUMPTION IN IMPORTING COUNTRIES. IF IMPORTS EXCEED THE ESTIMATED CONSUMPTION OF 58 MILLION BAGS, AN ADDITIONAL BUILD UP OF INVENTORIES IN IMPORTING COUNTRIES WILL TAKE PLACE WITH A CORRESPONDING REDUCTION IN STOCKS IN EXPORTING COUNTRIES.

THE VOLUME OF COFFEE TO BE AVAILABLE IN 1977/78 WILL DEPEND LARGELY ON THE RECOVERY OF PRODUCTION IN BRAZIL BUT ALSO ON SUCH FACTORS AS WEATHER CONDITIONS AND OTHER HAZARDS, THE CONTROL OF LEAF RUST DISEASE IN THE WESTERN HEMISPHERE, POLITICAL STABILITY IN PRODUCING COUNTRIES AND ON THE YIELDS OBTAINED BY FARMERS IN RESPONSE TO PRESENT PRICES. SHOULD THERE BE NO FROST IN BRAZIL THIS YEAR AND SHOULD PRODUCTION IN OTHER EXPORTING MEMBER COUNTRIES BE MAINTAINED AT PRESENT LEVELS, IT IS PROBABLE THAT THERE WOULD BE NO REDUCTION IN NET CARRY-OVER STOCKS DURING 1977/78.

AFTER 1977/78, THE AVAILABILITY OF COFFEE WILL DEPEND LARGELY ON THE RECENT AND CURRENT EXPANSION OF PRODUCTION IN EXPORTING MEMBER COUNTRIES AND IN PARTICULAR ON THE RECOVERY OF PRODUCTION IN BRAZIL. AN ASSESSMENT OF THE EXTENT TO WHICH PRODUCTION IN EACH OF THE EXPORTING MEMBER COUNTRIES IS LIKELY TO DEVELOP IN THE MEDIUM AND LONG TERM AND OF THE TRENDS IN CONSUMPTION IN IMPORTING COUNTRIES WILL BE UNDERTAKEN IN THE NEAR FUTURE AND IT IS HOPED THAT IT WILL BE POSSIBLE TO REPORT THE CONCLUSIONS BY SEPTEMBER 1977."

SPIERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, EXPORTS, COFFEE, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON04177
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770086-1289
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770363/aaaacdix.tel
Line Count: 212
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1b597bb8-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3119750
Secure: OPEN
Status: NATIVE
Subject: COFFEE -- ICO PRESS RELEASE ON CURRENT SUPPLY/ DEMAND SITUATION
TAGS: EPAP, EAGR, ETRD, ICO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1b597bb8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009